

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY ALGIERS

UNCLAS STATE 181000

E.O. 11652: N/A

TAGS: APUB, AG

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO ALGERIA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT
BANK RELEASE ON THE DIRECT CREDIT OF \$47.7 MILLION TO SONATRACH OF
ALGERIA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, DC
FOR A.M. PAPERS, TUESDAY, AUGUST 5, 1975.

QUOTE: EXIMBANK CREDIT OF \$47.7 MILLION SUPPORTS \$119.2 MILLION
SALE OF US EQUIPMENT FOR NATURAL GAS PROJECT IN ALGERIA

TO SUPPORT A \$119.2 MILLION SALE OF US EQUIPMENT, MATERIALS AND
SERVICES TO SONATRACH OF ALGERIA, THE BOARD OF DIRECTORS OF THE EXPOR
T-
IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$3
7.7
MILLION.
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SONATRACH, THE GOVERNMENT-OWNED HYDROCARBONS COMPANY, PROPOSES TO BUI
LD
A NATURAL GAS PROCESSING FACILITY AT THE HASSI R'MEL GAS FIELD IN THE
ALGERIAN SAHARA. IT WILL BE THE THIRD MAJOR ELEMENT OF THE ALGERIAN

INSTALLATIONS FOR THE EL PASO LNG PROJECT, WHICH PROVIDES FOR SHIPMENT TO THE US OF ONE BILLION CUBIC FEET PER DAY OF NATURAL GAS IN LIQUID FORM.

PURCHASES OF US EQUIPMENT AND SERVICES FOR THE PROJECT INCLUDE PROCESSES, VESSELS, TOWERS, STORAGE TANKS, BOILERS, COMPRESSORS, HEAT EXCHANGERS, PUMPS, DRYERS, CONSTRUCTION MACHINERY, STRUCTURAL STEEL, PIPE, ELECTRICAL EQUIPMENT, AND INSTRUMENTS; ENGINEERING, PROJECT MANAGEMENT, PROCUREMENT, AND START-UP SUPERVISION. PRITCHARD INTERNATIONAL CORPORATION OF KANSAS CITY, MISSOURI, WILL BE THE PRIME CONTRACTOR.

THE FABRICATION OF THE EQUIPMENT NEEDED FOR THE PROJECT WILL CREATE JOBS IN THE US AS WELL THE SUPPLYING OF ENGINEERING, DESIGN, AND CONSTRUCTION SERVICES. IN ADDITION, THE LNG PROJECT WILL EVENTUALLY PROVIDE LIQUEFIED NATURAL GAS TO PUBLIC UTILITY COMPANIES ON THE EAST COAST OF THE UNITED STATES.

SONATRACH WILL MAKE CASH PAYMENT OF \$11.9 MILLION, REPRESENTING 10 PERCENT OF THE COST OF US GOODS AND SERVICES. THE \$47.7 MILLION EXIMBANK LOAN AMOUNTS TO 40 PERCENT OF THE US COSTS. THE BALANCE OF THE COST OF US GOODS AND SERVICES WILL BE FINANCED UNDER A \$100 MILLION EURODOLLAR LOAN TO SONATRACH BY A CONSORTIUM OF AMERICAN, ARAB, EUROPEAN, AND JAPANESE COMMERCIAL BANKS HEADED BY UNION DE BANQUES ARABES ET FRANCAISES, PARIS.

INTEREST ON EXIMBANK'S CREDIT WILL BE AT THE ANNUAL RATE OF 8-1/2 PERCENT. THIS RATE, COMBINED WITH THE INTEREST TO BE CHARGED BY THE UNCLASSIFIED

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EURODOLLAR LENDERS WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO SONATRACH OF 8.18 PERCENT TO 8.43 PERCENT.

THE LOANS ARE TO BE REPAYED IN 18 SEMIANNUAL INSTALLMENTS BEGINNING IN DECEMBER 1978, WITH EXIMBANK'S CREDIT TO BE REPAYED OUT OF THE LAST 10 INSTALLMENTS. REPAYMENT OF EXIMBANK'S LOAN IS TO BE GUARANTEED BY BANQUE ALGERIENNE DE DEVELOPPEMENT FOR AND ON BEHALF OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA. UNQUOTE. INGERSOLL

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<< END OF DOCUMENT >>

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